



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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## **CHIANG ANNOUNCES 4<sup>th</sup> QUARTER 2005 TAXABLE SALES**

John Chiang, Chairman of the State Board of Equalization (BOE) announced that California's taxable sales rose in the fourth quarter of 2005, totaling \$143.6 billion and coming in \$8.9 billion (6.6 percent) over the fourth quarter of 2004.

Chiang noted in particular the impact of higher gasoline prices on fourth quarter taxable sales figures. "Service station sales rose 15.6 percent above the prior year's receipts, faster than any other category," said Chiang. "These sales approached \$10 billion for the quarter."

The average price of gasoline during the fourth quarter in California was \$2.411 per gallon, a 13.7 percent jump from the previous year.

In a related development, new car dealers saw a dip in sales, totaling \$13.9 billion but down 6.1 percent from the same period in 2004. New vehicle registrations in the state declined 3.2 percent during the same time. The decline followed a national pattern, as U.S. purchases of new motor vehicles and parts by consumers declined 5.8 percent in the final months of 2005.

According to Chiang, the increase in sales tax receipts also reflected a healthy holiday season in 2005, spurred by clothing purchases. Sales at apparel stores rose 9 percent, or \$5.7 billion. All retail stores did a combined \$101.1 billion in taxable sales, a 6.2 percent increase over the same period of 2004.

The largest nondurable retail category, general merchandise store sales, increased 5.4 percent in the fourth quarter, posting a total of \$17.9 billion. Sales made from specialty stores, such as office supply stores, rose 7.3 percent to \$15.3 billion.

Transactions subject to the state's sales tax have risen for the past 14 quarters, averaging 6.1 percent higher than each previous year. Taxable sales growth has continued to outpace personal income over the same period of time, increasing 1.6 percent faster in the fourth quarter of 2005. (*Editorial note: see historical chart on second page.*)

Los Angeles recorded by far the highest amount of taxable sales during the fourth quarter, \$34.8 billion. Orange County came in second, at \$14.7 billion, followed by San Diego County (\$12.3 billion), and Alameda County (\$6.5 billion).

Sales made by building materials dealers rose 13 percent, the second fastest rising category, and totaling \$9.3 billion. Construction contractors also saw double digit growth, with total sales of \$6.3 billion, or 16 percent over the same period of 2004. Much of the increase in sales was caused by rising prices of building materials. Average prices for building materials as measured by the U.S. implicit price deflator increased 8.8 percent in the fourth quarter of 2005.

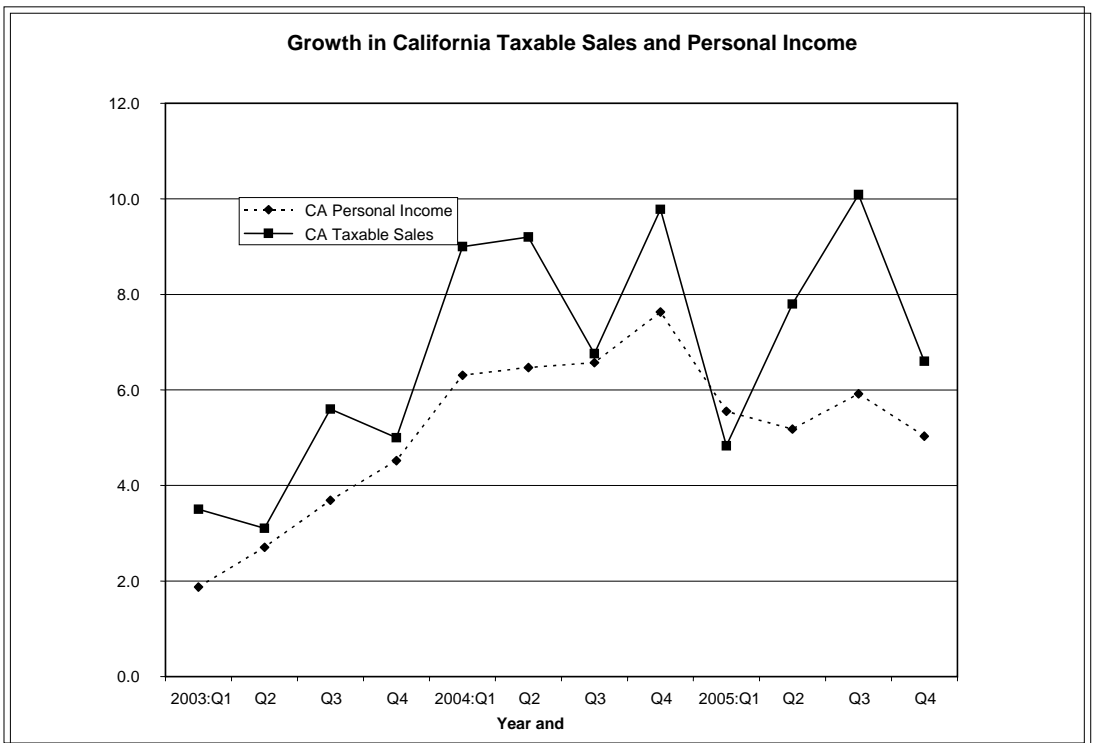
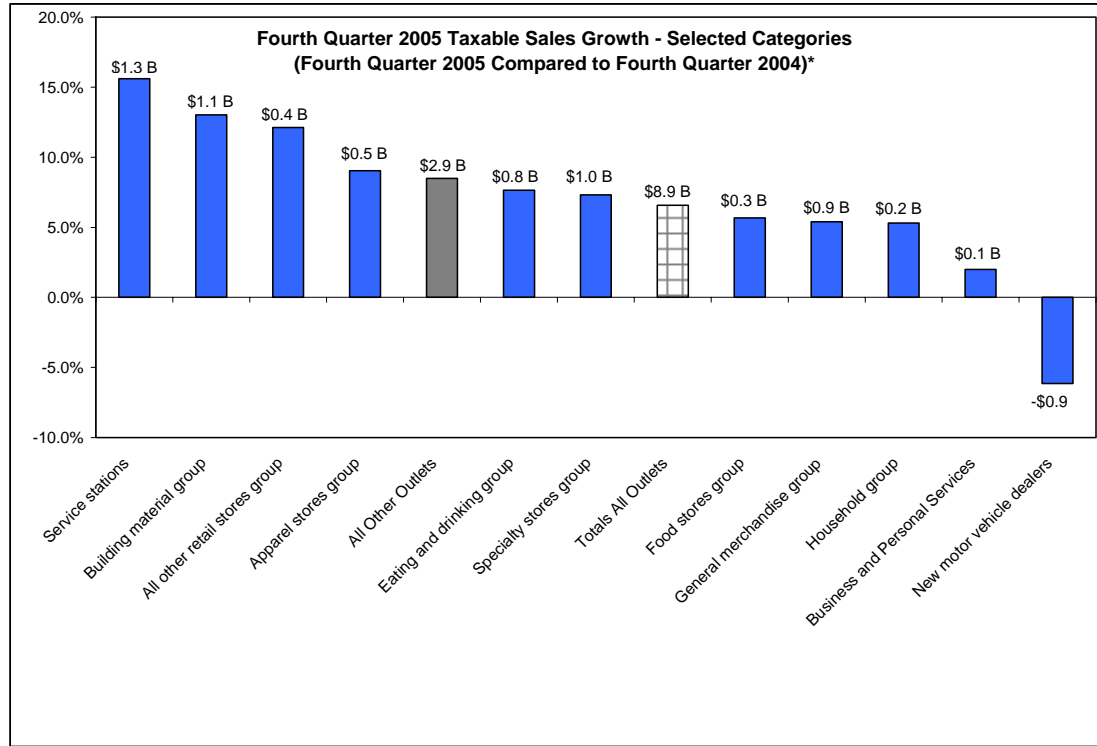
After accounting for inflation, taxable sales increased by 4.4 percent over the same quarter of 2004. The California Taxable Sales Deflator measured an inflation rate of 2.1 percent for the fourth quarter of 2005, well below an inflation rate of 4.1 percent over the same time period, as measured by the California CPI.

Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.

View Fourth Quarter 2005 Statewide Taxable Sales by [Type of Business](#), Taxable Sales by [County](#), or Taxable Sales by [City](#)



This chart highlights specific categories, but is not all inclusive. Please see links above for other figures.

